

“Ensuring adequate funding for the operation and maintenance activities of the City’s transportation system is absolutely essential.”

—Citizen members of Eugene Budget Committee



Questions and Answers about a Transportation System Maintenance Fee

The City of Eugene is considering a transportation system maintenance fee (TSMF) to generate locally controlled, sustainable revenue to operate, maintain and preserve the local transportation system. Here are answers to some of the most commonly asked questions about the TSMF.

Q. What is a transportation system maintenance fee?

A. A transportation system maintenance fee (TSMF) is a fee collected from every home and business located in the city to pay for operating and repairing city streets and other elements of the local transportation system. The TSMF is based on the idea that the streets, sidewalks, bike lanes, street lights and the other elements of the City’s transportation system are a public utility providing services to everyone in the community. The TSMF charge is primarily based on an estimated level of use of the transportation system by different types of businesses and residences.

The proposed Eugene TSMF has several components:

- ◆ A variable trip-rate component that uses national trip data to calculate a customer’s impact on the transportation system.
- ◆ A flat base-rate component.
- ◆ A small, flat administrative component.

Q. What would the money be used for?

A. As proposed, the TSMF would be used to fund the operation, maintenance and preservation of the existing transportation system, including funding to reduce the backlog of needed street repairs. The variable trip-rate component would take into account the amount needed for pavement preservation projects for the year. The flat-base

Take a Closer Look

2006

Transportation Goals: Preservation and Service

- ➔ Preserve our existing streets
- ➔ Provide basic transportation services

With these goals in mind, Eugene residents are asked to take another close look at our local transportation system. Observe the progress that is being made on pavement repairs, and also recognize the work that remains to be done. Think about the day-to-day services that make the transportation system safe and dependable. View the financial picture, and consider the value of a locally controlled transportation system maintenance fee to operate, maintain and preserve our streets.

rate component would take into account the amount needed for street operations and maintenance activities. The administrative fee component would be based on the amount needed to recover the cost of billing and fee administration.

Q. Who would be charged?

A. The TSMF would be paid by everyone having possession or control of developed property in the city of Eugene. No one would be charged for vacant property or property outside the city. In the case of rentals or leased property, the charge would be paid by the person who pays the utilities (for example, water, electricity, stormwater and wastewater) for that property.

Q. How much would the charge be?

A. The TSMF methodology proposes five residential and four non-residential categories. The current estimate is that a single-family home would pay a TSMF charge of approximately \$5.22 per month. Other residential

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A Comprehensive Solution to Eugene’s Transportation Funding Challenge



Eugene is seeking a comprehensive solution that addresses both day-to-day operation and maintenance and capital preservation of the City’s transportation system.

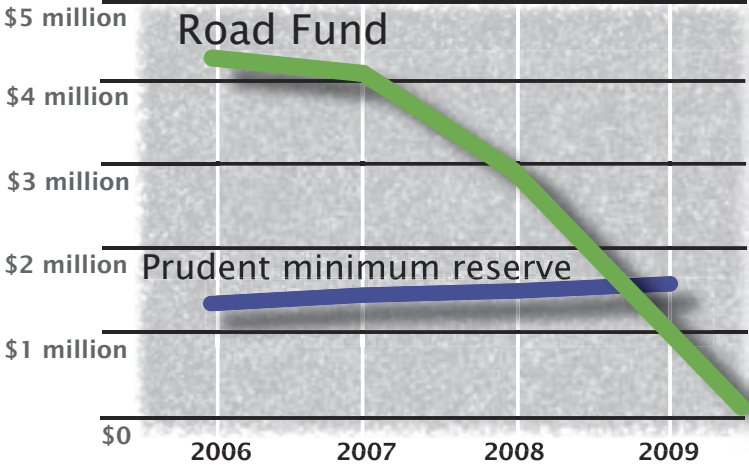
Through its road operating fund, Eugene provides a wide range of transportation services, including maintaining pavements on streets, sidewalks and bike paths, operating street lights and traffic signals, signing and striping more than 500 miles of roadway, keeping sidewalks safe, and encouraging the use of alternate modes of transportation. An independent audit in 2001 confirmed that Eugene’s road fund operations are efficient and cost-effective compared to other cities. Despite efficient operations and a cut of more than \$800,000 in road fund activities in 2004, projections show that the road fund operating budget will eat up the last of its reserves by 2009, which means that either more operating revenue must be raised or core transportation services must be cut.

Most of Eugene’s road fund revenue comes from the City’s share of state gas taxes and truck taxes. These taxes have not increased since 1993 although the cost of

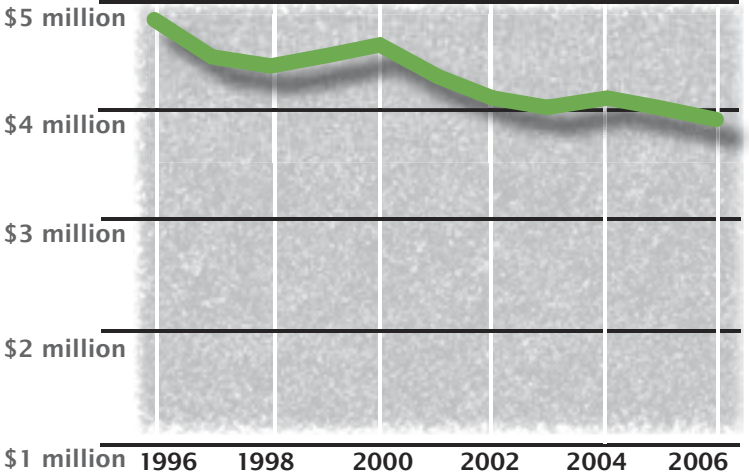
operating and maintaining the transportation system has risen as have the traffic loads on Eugene’s streets. As a result, the value of gas tax receipts, adjusted for inflation, has decreased over the past decade. Since 2004 the state of Oregon has also passed through some additional state funding, referred to as “OTIA III” funds. Even with this increase, once the numbers are adjusted for inflation it is clear that the City now receives less from these sources than it did six years ago.

Historically, Eugene’s road fund has also received more than \$1 million a year from Lane County in the form of revenue-sharing payments. However, the revenue-sharing agreement expires in June 2007, and Lane County has given no sign that it will renew the agreement.

Eugene Road Fund Balance



State Gas Tax Revenues*



*annual payments to Eugene from state gas and truck tax adjusted for inflation. Does not include OTIA III payments

Eugene’s local fuel tax is used exclusively to fund capital preservation street projects, and fuel tax funds have not been used for transportation system operations such as patching potholes, striping the streets, or keeping streetlights lit. But even with the local fuel tax Eugene is continuing to fall behind on major street repairs. The unrepaired portions of Eugene’s 500-mile street system have continued to deteriorate, and the backlog of needed but unfunded pavement repairs has grown to more than \$100 million. Increasing the annual investment in pavement repairs can reverse this trend, increase safety and comfort for transportation system users, and, in the long run, reduce some of the operating and maintenance costs associated with repairing deteriorated street surfaces.

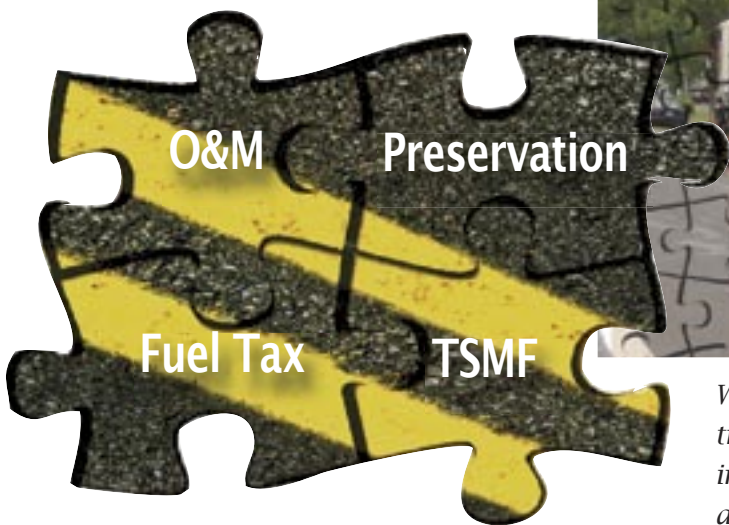
“Providing adequate funding for ongoing annual preservation activity is critical to prevent preservation backlogs from accumulating in the future.

The two funding measures which most closely conform to the committee’s guiding principles while also generating sufficient revenue to address the priority objectives are a transportation utility fee and a small local motor vehicle fuel tax.”

—Citizen members of Eugene Budget Committee

The Challenge:

Putting all the pieces in place



Well maintained streets and bike ways provide safe, efficient transportation options for our city. A variety of funding sources, including the TSMF, distributes the cost of repairs to many users and allows much-needed repair work to be completed.

Pavement Preservation is a Work in Progress



Although Eugene’s pavement preservation problems are far from solved, considerable progress has been made in the past four years. As just one measure of that progress, consider this: more than 84,000 tons of asphalt have been applied to City streets under the pavement preservation program over the past four years. That works out to 5,600 dump trucks, which, if parked end to end, would stretch from I-5 in Eugene to past Veneta!

The 3-cent local fuel tax implemented by the City Council in August 2003 and raised to 5 cents in February 2005 is expected to generate nearly \$3.6 million a year. That money, along with some additional sources

of revenue dedicated to preservation projects, has allowed the City to complete nearly \$7.5 million in street preservation project work since the implementation of the fuel tax, with additional contracts in process. This year, over 17 lane miles of pavement repairs are scheduled, including the reconstruction of Hilyard Street. A complete list of streets that have been repaired through the Pavement Preservation Program can be found on the “Street Funding” web site.

The primary goal of Eugene’s pavement preservation program is to slow or reverse the increase in the backlog of needed street repairs, which currently totals more than \$100 million. Often, this means not doing the worst streets first but, rather, fixing streets that otherwise would fall into a significantly greater condition of dis-repair. This was confirmed as the most cost-effective strategy by an independent consultant in 2001.

The Public Works Department has used a pavement management system for the past 20 years to keep track of pavement conditions throughout the city. Timely maintenance can preserve a street with minor to moderate deterioration at a fraction of the cost required to fully reconstruct a street that has reached a point of failure.

Other factors that are taken into account when deciding which streets to fix in any given year include the number and types of vehicles that use a street, the street’s function in the overall transportation system, the results of scientific testing that reveal subsurface conditions, and the availability of funding.



Pavement Preservation By the Numbers*

- ◆ 46 pavement preservation projects
 - ◆ 67 lane miles of street repaired
 - ◆ 84,000 tons of asphalt applied to City streets
- * since the program began in 2002. Complete list of projects available at www.eugene-or.gov/pw (“street funding” link).*

A Bit of Local History

In 2000, the citizen members of the Eugene Budget Committee undertook an extensive study of the local transportation system, focusing on the financial needs to operate, maintain and preserve this system, which is valued at more than \$500 million.

After more than a year of research that included two studies by independent consultants, the citizens presented their conclusions to the Eugene City Council. Among those conclusions:

- ◆ Adequate funding for the operation and maintenance activities of the City transportation system is absolutely essential.
- ◆ The most important capital funding needs to be addressed are in the backlog of preservation work on roads and off-street bike paths.
- ◆ Providing adequate funding for ongoing annual preservation activity is critical to prevent backlogs from accumulating in the future.
- ◆ The two funding measures which most closely conform to the committee’s guiding principles while also generating sufficient revenue to address the priority objectives are a transportation utility fee and a small local motor vehicle fuel tax.



Based on the citizen group’s recommendations, the Eugene City Council asked the Public Works Department to conduct a public outreach effort called “Take a Closer Look” in 2002. The council subsequently approved a transportation system maintenance fee (TSMF) in December 2002 and a local motor vehicle fuel tax in January 2003. In August 2003 the local fuel tax went into effect; however, the council rescinded the TSMF in hopes that alternate sources of revenue could be found. Faced with a growing backlog of street repairs, the council in January 2005 increased the local fuel tax to 5 cents per gallon for a three-year period.

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Transportation System Inventory

- Streets maintained by City: 516 centerline miles
- Improved asphalt: 421 miles
- Improved concrete: 30 miles
- Unimproved (asphalt mat, gravel): 65 miles
- Alleys: 42 miles
- Bike paths (off-street): 33 miles
- Bike lanes/route (on-street) 93 miles
- Bridges maintained by City: 91
- Sidewalks/pedestrian ways: 633 miles
- Sidewalk access ramps: 5,959
- Street lights: 8,760
- Street name signs: 8,855
- Traffic signs: 16,066
- Traffic signals: 227

(as of April 2006)



“Significant additional funding from one or more new, City-controlled revenue sources is needed in the near future ... to preserve our investment in transportation system infrastructure.”

—Citizen members of Eugene Budget Committee

Transportation Fees in Other Oregon Communities

- ◆ Cities with street fees: 21
 - ◆ Cities with local fuel taxes: 16*
- * includes Multnomah and Washington county gas taxes.*

Complete list of cities with transportation fees available at www.eugene-or.gov/pw (“street funding” link)

Examples of Monthly TSMF Fees

	Size	Estimated Total Monthly Fee
Residential		
Single-Family Home	1	\$5.22
Apartment	1	\$4.43
Mobile Home	1	\$4.01
Low Traffic Impact		
General Office Building	12,000 sq. ft.	\$19.95
Motel	30 rooms	\$45.77
General Light Industry	11,000 sq. ft.	\$18.51
Medium Traffic Impact		
Clinic	4,500 sq. ft.	\$33.66
Specialty Retail Center	5,000 sq. ft.	\$37.10
Shopping Center	100,000 sq. ft.	\$690.01
High Traffic Impact		
Government Office	18,000 sq. ft.	\$372.65
Supermarket	40,000 sq. ft.	\$824.76
Fast Food Restaurant	500 sq. ft.	\$54.11
Education		
Elementary School	135 students	\$47.41
University of Oregon	20,000 students	\$6,620.68

** Estimates are for fiscal year 2008. Key assumptions include: City continues to collect the 5-cent fuel tax; and TSMF provides revenue sufficient to deal with the capital preservation backlog and upport current service levels in day-to-day operations and maintenance.*

Questions and Answers about a Transportation System Maintenance Fee

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units such as apartments would be charged a slightly smaller amount per dwelling unit. Commercial and industrial properties would be charged based primarily on the number of trips they generate. Schools and other educational facilities are in a separate category based on their unique uses of the transportation system. A detailed summary of sample charges can be viewed by clicking on the “Street Funding” link at www.eugene-or.gov/pw.

Q. How would the charge be collected?

A. One option under consideration would be to collect the charge once a month on local utility bills. City staff is working with the Eugene Water & Electric Board to see if this is feasible. There are other collection options, such as using a commercial billing service or creating a monthly billing service at the City of Eugene. The goal of City staff is to find the least-costly collection option to keep costs down for ratepayers and to ensure that as much revenue as possible goes to transportation system operations, maintenance and preservation.

Q. Do other cities in Oregon have similar charges?

A. Twenty-one Oregon cities have transportation utility fees in place, including five cities that also have local gas taxes in place. A complete list of Oregon cities that collect transportation system fees can be found on the “Street Funding” web site.

Q. Is a TSMF a fair charge, particularly for people who don’t have cars?

A. The underlying philosophy of the TSMF is that everyone uses the transportation system and so everyone should pay at least something to operate, maintain and preserve the system. Even people who don’t own or drive cars rely on the transportation system for the delivery of goods and services, ride buses, walk on sidewalks or ride bicycles.

More than two dozen other revenue options have been considered over the past five years, including general obligation bonds, a county vehicle registration tax, and special fees or districts for specific services. In their study, the citizen members of the Eugene Budget Committee concluded that a TSMF is based on the principles of proportionality and universality and can be equitable in distributing the share of costs of the transportation system among all those who use it.



Get Involved, Get More Information

There are lots of ways you can provide comments or get more information on Eugene’s transportation funding needs:

- ◆ Visit the “Street Funding” web site at www.eugene-or.gov/pw for a schedule of presentations, an online comment form, examples of estimated rates, the draft TSMF ordinance, details on similar fees collected in other cities, City Council documents, and other materials related to the proposed TSMF.
- ◆ Watch for a video on Metro TV (Comcast channel 21).
- ◆ Ask for a presentation at local service clubs and organizations.
- ◆ Attend a public hearing before the Eugene City Council on Monday, October 16, starting at 7:30 p.m. at the Eugene City Council Chamber, 777 Pearl St.
- ◆ Submit comments via the internet, by phone, or by mail.
- ◆ Call the Public Works Utility Billing staff at 541-682-4900.
- ◆ E-mail the Eugene Public Works Department at pwadmin@ci.eugene.or.us.
- ◆ Mail the Eugene Public Works Department, Administration Division, at 858 Pearl Street, Eugene, OR 97401.



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